



Kenai Peninsula Borough  
Mayor's Office

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FAX TRANSMITTAL COVER SHEET

Date: 6/24/04

To: Dan Bockhorst

Fax: (907) 269-4539

Re: Homer Annexation impact on KESA

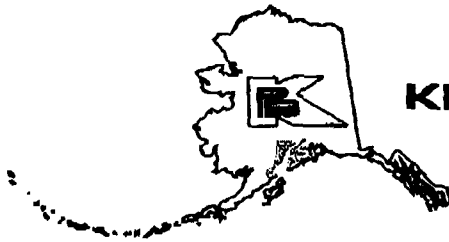
Sender: Mayor Dale Bagley, KPB

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JUN 24 2004

Local Boundary Commission

**KENAI PENINSULA BOROUGH**

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BUSINESS (907) 262-4441 FAX (907) 262-1892

**DALE BAGLEY**  
MAYOR

June 24, 2004

VIA FAX: 907-269-4539

Dan Bockhorst  
Local Boundary Commission Staff  
550 West Seventh Avenue, Suite 1770  
Anchorage, AK 99501-3510

Re: Homer annexation impact on Kachemak Emergency Service Area

Dear Mr. Bockhorst:

This letter responds to the request for written comments based on evidence dated or events occurring before January 17, 2002, regarding the effect on Kachemak Emergency Service Area ("KESA") of the 4.58 square mile annexation to the City of Homer that occurred March 20, 2002. The Kenai Peninsula Borough appreciates this opportunity to comment.

The Kachemak Emergency Service Area was originally established by Ordinance 2000-29 enacted August 15, 2000. The original service area included the area annexed by the City of Homer. At the election of October 3, 2000, the voters approved exercising the powers necessary to provide fire protection and emergency medical services within KESA by a vote of 614 yes and 157 no.<sup>1</sup> Effective January 1, 2002, the taxable real and personal property in KESA was valued at \$238,585,300. After the annexation, the annexed area was excluded from property available for taxation for the service area. Accordingly, the taxable value for the service area was reduced to \$177,162,069 immediately upon annexation. This constituted a reduction in taxable property of 25.8 percent based on the value of property as of January 1, 2002.

Conversely, the reduction of property in the service area also reduced the area of property to which the service area was obligated to provide services. However, the acreage annexed by the city was among the most densely populated areas of the original service area boundaries. It contained 859 parcels of the 4,834 parcels in the original service area. It is easier to serve more parcels in more densely populated areas than the more remote property within the service area.

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<sup>1</sup> The service area was originally called the Greater Kachemak Volunteer Fire and Emergency Medical Service Area. In Ordinance 2000-19-21, the borough assembly changed the name to Kachemak Emergency Service Area and authorized a \$10,000 intergovernmental loan to fund startup costs for the service area.

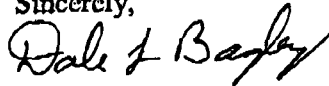
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The Kachemak Emergency Service Area board, which is an elected board charged with operating the service area on behalf of the Kenai Peninsula Borough, agreed to the following comments at its meeting of June 17, 2004:

- A. Board agreement on effect of Annexation on KESA summarized as follows:
  - a. The tax base has been reduced. KPB has exact numbers. The area that did get annexed to Homer was much smaller than originally petitioned for by the City, but it generally consists of higher than average value properties. Impact: a loss of tax revenue to KESA.
  - b. Although the area of KESA has been reduced, the COST [to] provide emergency services to the remaining area will not significantly, if at all, be reduced since there is a "floor" of infrastructure and personnel necessary to provide service at all. That "floor" would have been sufficient, at least for the near and mid-term future, to have serviced the original area of KESA as well as that which remains.
  - c. There will be a loss of potential for recruiting (volunteers), board members (legally), and community work parties due to the loss in population residing in the reduced area of KESA.

Thank you again for the opportunity to comment. Please note that these comments are from the Kenai Peninsula Borough administration. The Kenai Peninsula Borough Assembly has not considered this matter. Your consideration of these comments is appreciated.

Sincerely,



Dale Bagley  
Borough Mayor

cc: Pete Sprague, Assembly President  
Pat Johnson, KESA Chair  
Colette Thompson, Borough Attorney